



**AUDITING AND ASSURANCE STANDARDS BOARD
PROPOSED WITHDRAWAL OF ASSURANCE AND
RELATED SERVICES GUIDELINES**

Withdrawal of AuG-19, AuG-32 and AuG-39

January 2012

**COMMENTS MUST BE RECEIVED BY
APRIL 15, 2012**

This Exposure Draft is issued by the Auditing and Assurance Standards Board. The Board is composed of persons drawn from public accounting and legislative auditing and includes those who represent other groups, such as industry, commerce and finance, and post-secondary education, from all parts of the country. All members serve as individuals and not as representatives of their employers or organizations.

Individuals and organizations are invited to comment on the Exposure Draft material. Comments are requested from those who agree with the Exposure Draft as well as from those who do not.

Comments are most helpful if they are related to a specific paragraph or group of paragraphs, and, when expressing disagreement with the Exposure Draft, they clearly explain the problem, and include a suggestion for alternative wording supported by specific reasoning. All comments received will

be available on the web site shortly after the comment deadline. The request for confidentiality must be stated explicitly within the response.

**To be considered, comments must be received by
April 15, 2012, addressed to:**

**Greg Shields, CA
Director, Auditing and Assurance Standards
The Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2**

A PDF [response form](#) has been posted with this document to assist you in submitting your comments. Alternatively, you may send comments by e-mail (in Word format), to: ed.assurancestds@cica.ca

Withdrawal of AuG-19, AuG-32 and AuG-39

PROPOSAL

The Auditing and Assurance Standards Board (AASB), subject to comments received following exposure, proposes to withdraw the following Assurance and Related Services Guidelines:

- AuG-19, Audit of Financial Statements Affected by Environmental Matters;
- AuG-32, Electronic Commerce – Effect on the Audit of Financial Statements; and
- AuG-39, Auditing Derivative Financial Instruments.

Background

The above-noted Guidelines are respectively based on, or cover the same matters as, the following International Auditing Practice Statements (IAPs):

- IAPS 1010, “The Consideration of Environmental Matters in the Audit of Financial Statements”;
- IAPS 1013, “Electronic Commerce – Effect on the Audit of Financial Statements”;
- IAPS 1012, “Auditing Derivative Financial Instruments.”

In September 2011, the International Auditing and Assurance Standards Board (IAASB) decided to withdraw all existing IAPs, including the three noted above. The IAASB concluded that the IAPs are largely out of date and potentially misleading since they are not necessarily consistent with the clarified International Standards on Auditing (ISAs).

The AASB is proposing to withdraw AuG-19, AuG-32 and AuG-39 for the same reasons cited by the IAASB. Also, the AASB believes that the guidance is quite generic. The Guidelines do not provide substantive insightful guidance beyond that which is contained within the relevant Canadian Auditing Standards. In addition, the AASB believes that it would not be appropriate to retain these Guidelines when the corresponding IAPs have been withdrawn. There are no circumstances particular to Canada addressed in these Guidelines to warrant their retention.

AuG-19 and AuG-32 would not be replaced in the near term.

In September 2011, the IAASB also decided to withdraw the existing category of pronouncements known as IAPs and to establish a new category of non-authoritative documents — International Auditing Practice Notes (IAPNs). IAPNs are non-authoritative guidance. They do not impose additional requirements on auditors beyond those included in the International Standards on Auditing (ISAs), nor do they change the auditor’s responsibility to comply with all ISAs relevant to the audit. IAPNs provide practical assistance to auditors. They are intended to be disseminated by those responsible for national standards, or used in developing corresponding national material. They also provide material that firms can

use in developing their training programs and internal guidance. The IAASB is expected to issue its first IAPN, IAPN 1000, “Special Considerations in Auditing Financial Instruments,” in early 2012.

The AASB plans to adopt IAPN 1000 for use in Canada as Canadian Auditing Practice Note (CAPN) 1000. CAPNs in Canada, like IAPNs, would be non-authoritative guidance and would not impose additional requirements on practitioners. CAPN 1000 will contain information similar to that contained in AuG-39.

The IAASB also decided that all authoritative guidance should be included in the ISAs themselves. Accordingly, the IAASB will no longer issue IAPNs. In light of the IAASB’s decision to no longer issue IAPNs, the AASB is also considering what further changes, if any, should be made regarding Guidelines. An [Exposure Draft](#) containing proposals relating to the status and authority of Guidelines accompanies this Exposure Draft.

Effective date

Subject to input the AASB receives from Canadian stakeholders, these three Guidelines would be withdrawn on August 1, 2012.

Comments requested

The AASB would appreciate receiving stakeholder input on the following question:

Do you support withdrawal of the three Guidelines? If not, what alternative action(s) do you propose?

The deadline for providing your comments to the AASB is April 15, 2012.

Comments are most helpful when they clearly explain the issues raised and suggest a specific course of action, supported by specific reasoning.

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